

**CITY OF INGLESIDE**  
**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION APPROVING THAT ONE CERTAIN CHAPTER 312 TAX CODE TAX ABATEMENT AGREEMENT BY AND BETWEEN THE CITY AND OCCIDENTAL PETROLEUM CORPORATION, OR RELATED COMPANY, CONCERNING THE PROPERTY WHICH IS THE SUBJECT OF INGLESIDE REINVESTMENT ZONE 2014-1 AND A PORTION OF THAT CERTAIN BEING APPROXIMATELY 1000 ACRES, INCLUDING THE FORMER NAVAL STATION INGLESIDE LAND AND ADJACENT LAND, LYING SOUTH OF HWY 1069, ALL BEING OWNED BY OCCIDENTAL PETROLEUM CORPORATION, OR RELATED COMPANY, AND ALL BEING WITHIN INGLESIDE CITY LIMITS, AND AUTHORIZING AND DIRECTING THE CITY MANAGER OR MAYOR TO EXECUTE SAME

WHEREAS, Chapter 312 Texas Tax Code allows cities elect to participate in tax abatement and to make tax abatement agreements; and

WHEREAS, 312.002 requires that the City establish guidelines and criteria and designate a reinvestment zone as a prelude to making any such agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF INGLESIDE, SAN PATRICIO COUNTY, TEXAS, THAT,

**Section 1.** That one certain Tax Abatement Agreement by and between the City and \_\_\_\_\_, a subsidiary of Occidental Petroleum Corporation, numbered 2014-1-A, an unsigned copy of which is attached hereto, is hereby approved, and the City Manager and Mayor of the City are hereby authorized and directed to sign same on behalf of the City, all as authorized by Chapter 312, Texas Tax Code.

**Section 2.** In accordance with Section 312.2041 Texas Tax Code, more than 7 days before the date of passage of this Resolution, said date being more than 7 days before a City Officer will sign the agreement hereby approved, a designated officer or employee of the City delivered to the presiding officer of the governing body of each other taxing unit in which the property which is the subject of the agreement is located a written notice that the City intended to enter into this agreement and the notice included a copy of the agreement.

**Section 3. Severance.** If any part of this resolution is invalid or void or is declared to be so, then said part shall be severed from the balance of this resolution and said invalidity shall not affect the balance of this resolution, the balance of the resolution to be read as if said invalid or void portion thereof were not included.

PASSED, RESOLVED, APPROVED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mayor, Pete Perkins  
City of Ingleside

---

City Manager, Jim Gray  
City of Ingleside

ATTEST:

---

Ingleside City Secretary

**ATTACHMENT:**  
**Agreement (an unsigned copy)**

---

# **Agreement**

## **(an unsigned copy)**



[illegible]

1

WHEREAS, the City Council finds that the Improvements sought are feasible and practical and would be of benefit to the Premises to be included in the Zone and to the City after expiration of this Agreement; and

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by the Tax Code, to the presiding officers of the governing bodies of each of the taxing units in which the Premises is located; and

WHEREAS, the City desires to enter into an agreement with Owner, the owner of the Land and of the Tangible Personal Property (hereinafter defined), within the Zone for the abatement of taxes pursuant to Chapter 312 of the Tax Code as amended;

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, including the expansion of primary employment and the attraction of major investment in the Zone, which contributes to the economic development of the City of Ingleside and the enhancement of the tax base in the City, the parties agree as follows:

#### GENERAL PROVISIONS

1. Owner is the owner of the Land, which Land is located within the city limits of the City and within the Zone. Owner intends to construct the Improvements on the Land and tangible personal property to be located on the Premises subsequent to the execution of this Agreement for the purposes specified herein.
2. The Premises are not in an improvement project financed by tax increment bonds.
3. This Agreement is subject to the rights of the holders of outstanding bonds of the City.
4. The Premises are not owned or leased by any member of the Ingleside City Council or any member of the Ingleside Planning and Zoning Commission.

#### TAX ABATEMENT AUTHORIZED

5. This Agreement is authorized by the Texas Tax Code and in accordance with the City of Ingleside Tax Abatement Guidelines, and approved by resolution of the City Council of the City authorizing the execution of this Agreement.

6. Subject to the terms and conditions of this Agreement, and provided the Taxable Value for the Improvements is at least Fifty Million Dollars (\$50,000,000.00) as of January 1 of the First Year of Abatement (hereinafter defined) and as of January 1 of each year thereafter this Agreement is in effect, the City hereby grants Owner an abatement of twenty-five percent (25%) of the Taxable Value of the Improvements and eligible tangible personal property, provided the Tangible Personal Property is located and maintained on the Premises as of January 1 of the First Year of Abatement and as of January 1 of each consecutive year thereafter that this Agreement is in effect. The actual percentage of Taxable Value of the Improvements subject to abatement for each year this Agreement is in effect will apply only to eligible property as defined herein and only to the portion of the Taxable Value of the Improvements that exceeds the Base Year Taxable Value. The tax abatement for Tangible Personal Property will apply only to the Tangible Personal Property added to the Premises after

this Agreement is executed. Furthermore, the abatement of taxable value of improvements and eligible tangible personal property is subject to the planned improvements creating at least twenty (20) full-time jobs on a permanent basis in the City of Ingleside by January 1 following the completion of construction.

7. Period of Abatement. The period of tax abatement herein authorized shall be for a period of ten (10) years.

8. Creation of New Value. Abatement is only granted for the additional value of eligible property improvements made subsequent to and listed in Exhibit B (Application for Abatement) attached hereto and incorporated into this Abatement Agreement between the City of Ingleside and the property owner, subject to such limitations as specified in this Agreement. The economic life of the improvements must exceed the term of the abatement Agreement.

If a modernization project includes facility replacement, the new value subject to abatement shall be the value of the new unit less the value of the old unit.

9. Eligible Property. Abatement may be extended to the value of the improvements to real property, including buildings, structures, fixed machinery and equipment, and site improvements, plus that office space and related fixed improvements necessary to the operation and administration of the Facility. Abatements may also extend to certain eligible tangible personal property as defined herein that is for use at the location of the improvements in the operations of the business applying for tax abatement. The value of all property shall be the appraised value for each year, as finally determined by the applicable appraisal district.

10. Ineligible Property: The following types of property shall be fully taxable and ineligible for tax abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; movable heavy equipment (such as cranes, forklifts, etc.); vessels; aircraft; trailers; housing; hotel accommodations; furniture; deferred maintenance investments; property to be rented or leased except as provided in Section 12(K) herein; improvements for the transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, which are not integral to the operation of the facility; improvements to real property that have a productive life of less than 10 years; and property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

11. During the period of tax abatement herein authorized, Owner shall be subject to all City taxation not abated, including but not limited to, sales tax and ad valorem taxation on land, inventory and supplies.

#### DEFINITIONS

12. Wherever used in this Agreement, the following terms shall have the following meanings ascribed to them:

A. "Base Year Value" means the assessed value of eligible property as of the January 1 preceding the execution of this Agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the Agreement.

B. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.

C. "First Year of Abatement" shall mean January 1 of the calendar year immediately following the issuance of a certificate of occupancy for the Improvements.

D. "Force Majeure" shall mean any contingency or cause beyond the reasonable control of Owner including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, adverse weather, government or de facto governmental action (unless caused by acts or omissions of Owner), fires, explosions or floods, strikes, slowdowns or work stoppages.

E. "Improvements" shall mean the contemplated improvements to be constructed on the Land and any additions or expansions thereof as further described herein.

F. "Land" shall mean the real property described in Exhibit "A".

G. "Premises" shall collectively mean the Land and the Improvements.

H. "Tangible Personal Property." Equipment and/or tools used, or brought or leased for use at the location of the improvements in the operations of the business applying for tax abatement, other than that which was located on the real property at any time before the period covered by the tax abatement agreement, and other than inventory, supplies, and/or office equipment.

I. "Taxable Value" means the appraised value as certified by the appraisal District as of January 1 of a given year.

J. "Owned/Leased Improvements". The Owner represents that the facilities and improvements shall be owned by Owner.

K. "Owner" means the owner of a property subject to abatement. If a Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of Agreement but shall not be obligated to assure performance of the party receiving abatement.

#### IMPROVEMENTS

13. Owner owns the Land and agrees to construct, or cause to be constructed, thereon a new LPG Processing Plant and Shipping Terminal located at 1455 Ticonderoga Rd., Ingleside, TX (previously Naval Station Ingleside), as further described in the Application for Tax Abatement filed by Owner with the City, which is attached hereto and incorporated herein as Exhibit B to this Agreement, and as more fully described in the submittals filed by Owner with the City from time to time in order to obtain a building permit (the "Improvements"). The location of the Improvements will be shown on a site plan of the Premises to be submitted to and approved by the City. Nothing in this Agreement shall obligate Owner to construct the Improvements on the Land, and/or to locate Tangible Personal Property on the Premises, but said actions are a condition precedent to tax abatement pursuant to this Agreement.

## CONSTRUCTION OF THE IMPROVEMENTS

14. As a condition precedent to the initiation of tax abatement pursuant to this Agreement, Owner will diligently and faithfully, in good and workmanlike manner, undertake and complete the contemplated Improvements specified in the Application for Abatement, on or before December 31, 2015, as good and valuable consideration for this Agreement, and all construction of the Improvements will be in accordance with all applicable state and local laws, permits, codes, and regulations, (or valid waiver thereof); provided, that Owner shall have such additional time to complete and maintain the Improvements as may be required in the event of "Force Majeure," if Owner is diligently and faithfully pursuing completion of the Improvements.

15. Owner agrees to maintain the Improvements during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations. Owner agrees that the Improvements shall be used only for the purposes described in the Application for Abatement for a period of at least ten (10) years commencing on the date a certificate of occupancy is issued for occupancy of the Improvements. Failure to comply in any material respect with the maintenance and use requirements of this section may constitute a breach of this Agreement.

16. The City, its agents and employees shall have the right of access to the Premises during construction and during the term of the Agreement to inspect the Facility and Premises to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 12 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with its safety standards.

## GENERAL REQUIREMENTS

17. Construction plans for the Improvements constructed on the Land will be filed with the City, and, if a permit is issued by the City for such improvements, the construction plans shall be deemed incorporated by reference herein and made a part hereof for all purposes.

18. After completion of the Improvements, Owner shall certify in writing to the City the construction cost of the Improvements.

19. Owner shall, prior to April 1 of each calendar year, annually certify in writing to the City that Owner is in compliance with each term of the Agreement.

20. The Premises shall be used in the manner (i) that is consistent with the City's Comprehensive Zoning Ordinance, as amended, and (ii) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone.

## TAXABILITY

21. During the period that this tax abatement is effective, taxes shall be payable as follows:

- (a) The value of *Ineligible Property* shall be fully taxable;

(b) The *Certified Appraised Value* of property subject to tax, as established by the San Patricio County Appraisal District as of January 1, 2014, shall be fully taxable for 2014. The appraised value of property subject to tax shall be re-determined by the San Patricio County Appraisal District as of January 1 of each year during the period of abatement. Such value, as re-determined each year, shall be fully taxable.

However, the full value of *New Eligible Property* shall be abated as provided by the terms of this Agreement. The Chief Appraiser of the San Patricio County Appraisal District shall annually determine (i) the taxable value pursuant to the terms of this abatement of the real and personal property comprising *New Eligible Property* located in the reinvestment zone, and (ii) the full taxable value without abatement of the real and personal property comprising Owner's property. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the Owner shall furnish the Chief Appraiser (and copy the City) with such information pursuant to Chapter 22, Renditions and other Reports, Texas Tax Code, as may be necessary for the administration of the abatement specified herein.

#### DEFAULT: RECAPTURE OF ABATED TAX

22. During the abatement period covered by this Agreement the City of Ingelside may declare a default thereunder by the Owner:

- (1) If the Owner/Applicant fails to timely commence construction of the improvements described in Sections 13 and 14 of this Agreement, and/or in the Application attached hereto as Exhibit "B" within one year from the date this Agreement is executed;
- (2) If the Applicant/Owner fails to complete construction of the improvements by the completion date specified Section 14 of this Agreement and/or in the Application for Abatement;
- (3) If after completion of construction and commencement of operations at the facility, the facility discontinues operations or a minimum number of twenty (20) permanent jobs is not maintained during any four (4) consecutive weeks during the term of the Agreement, except on a temporary basis due to fire, explosion or other casualty or accident or natural disaster;
- (4) If Owner during the term of the Agreement fails to operate and use the Improvements for the purpose described in the Application for Abatement, or fails to maintain the Improvements in accordance with this Agreement and in accordance with applicable State or local laws, codes or regulations;
- (5) In the event of the filing of a petition in bankruptcy by Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner.

- (6) If the Owner/Applicant refuses or neglects to comply in any material respect with any of the terms of this Agreement or the Application (Exhibit "B") and Tax Abatement Guidelines (attached as Exhibit C), which are made a part of this Agreement for all purposes;
- (7) If the Applicant allows its ad valorem or sales taxes owed the City of Ingleside to become delinquent and fails to timely and properly follow the legal procedures for the company's or individual's protest and/or contest; or
- (8) If any representation made by the Owner/Applicant in this Agreement or in the Application for Abatement is false or misleading in any material respect.

23. Should the City determine the Owner to be in material default during the term of this Agreement, the City shall notify Owner in writing within sixty (60) days of such determination and, except in the event of automatic termination in the instance of an event of bankruptcy under 22(5) above and Section 6(h) of the Tax Abatement Guidelines, Owner shall have sixty (60) days from receipt of the notice in which to cure any default. If such default is not cured within sixty (60) days from the date of such notice ("Cure Period") then this Agreement may be terminated by the City; provided, however, that if the default cannot reasonably be cured within a sixty (60) day period, and the Owner has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City may at its sole discretion extend the period in which the default must be cured. Whether to accept a cure for a false or materially misleading representation of Owner in this Agreement or in the Application, shall be entirely at the discretion of the City. If the Owner fails to cure the default within the time provided as specified above or, as such time period may be extended, then the City at its sole option shall have the right to terminate this Agreement with respect to the Defaulting Party by written notice to Owner.

24. If the City should terminate this Agreement pursuant to the terms of this Agreement, it shall provide Applicant written notice of such termination, and except where provided otherwise, all taxes otherwise abated by virtue of this Agreement will be recaptured and paid to the City of Ingleside within sixty (60) days of the notice of the termination. Upon termination of this Agreement by City, all tax abated as a result of this Agreement shall become a debt to the City as liquidated damages, and shall become due and payable not later than sixty (60) days after a notice of termination is made. The City shall have all remedies for the collection of the abated tax provided generally in the Tax Code for the collection of delinquent property tax. The City at its sole discretion has the option to provide a repayment schedule. The computation of the abated tax for purposes of the Agreement shall be based upon the full Taxable Value of the Improvements and the Tangible Personal Property without tax abatement for the years in which tax abatement hereunder was received by Owner with respect to the Improvements and Tangible Personal Property as determined by the Appraisal District, multiplied by the tax rate of the years in question, as calculated by the City Tax Assessor-Collector respectively. The liquidated damages shall incur interest and penalties as provided for delinquent taxes and shall commence to accrue after expiration of the sixty (60) day payment period.

#### CITY OPTIONS TO TERMINATE

25. City and Owner expressly agree that City, at City's sole discretion, shall have the option to terminate this Agreement in the event that:

- (a) at any time during the term of this Agreement the appraised value of the eligible property falls below \$50 million, or
- (b) the appraised value of the Land in any year during the term of this Agreement falls below the base year value of the Land at the time of execution of the Agreement.

Such termination of the Agreement by the City shall be subject to the notice and tax recapture provisions of Sections 22 to 24 of this Agreement.

#### DIRECT PAYMENT PERMIT FOR SALES TAX

26. To assure the City of receipt of local sales tax from construction of the improvements, Applicant shall supply to the City a current Direct Payment Permit filed with the Comptroller of Public Accounts, and where applicable, shall require its contractors and subcontractors to also file for or present such pertinent permit to the City. Applicant shall promptly provide a copy of their Direct Pay Tax Permit to the City. Applicant shall use due diligence to ensure the City that contractors and subcontractors constructing said facility shall provide taxable materials used in such construction under a separate contract as defined by Texas Administrative Code, 34 TAC §3.291, as amended. Such taxable materials shall be purchased by Applicant free of state and local sales taxes pursuant to Applicant's issuance of a direct payment exemption certificate to contractor. Applicant shall then accrue and pay state sales or use taxes and City sales or use taxes calculated based on the taxable materials purchased.

#### UTILIZATION OF LOCAL WORKFORCE AND SUPPLIERS

27. It is contemplated that this project will create at least twenty (20) full-time jobs on a permanent basis at Owner's new facility in the City of Ingleside by January 1 following the completion of construction in accordance with Section 2(h) of the Tax Abatement Guidelines. All things being equal, Owner and its contractors and subcontractors during and after the construction shall give preference to the purchase of materials and supplies from local businesses provided quality, price, and availability are comparable, and to the hiring of the local workforce.

#### ANNUAL APPLICATION FOR EXEMPTION; RENDITION

28. It shall be the responsibility of the Owner, pursuant to the Texas Tax Code, to file an annual exemption application form with the Chief Appraiser for each Appraisal District in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City.

29. Owner shall annually render to the Appraisal District the value of the Improvements and also the value of the Tangible Personal Property, and provide a copy of the same to the City.



## ADMINISTRATION

30. The City Manager, on behalf of the City of Ingleside, shall be responsible for the administration of this Agreement, pursuant to the direction of the City Council. Prior to the commencement of construction, the Owner/Applicant shall meet with City officials to discuss the terms and conditions of the Abatement Agreement.

31. During construction, the Owner shall submit monthly reports to verify compliance with the Abatement Agreement. The reports shall be subject to third-party audits, which shall be conducted by the City at the Owner's expense.

32. The City shall evaluate each facility that receives an abatement to ensure compliance with the Agreement. The Owner shall maintain appropriate records of the employees affected by this abatement, including, but not limited to, proof of employees' legal residence; proof of immigration-resident status, if applicable; or such other documentation that may be required to document compliance with the Agreement.

33. Annual Evaluation and Reports. Upon completion of construction, the City, individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving abatement, to ensure compliance with the Agreement and report possible violations of the Agreement. The Applicant shall certify to the City on or before April 1 each year that the Applicant is in compliance with each applicable term of the agreement. Additionally, during the first four years of the property tax abatement, Applicant shall provide to the City an annual report covering those items listed on Schedule I of the City's Tax Abatement Guidelines in order to document its efforts to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the City no later than ninety (90) days following the end of each calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm that has reviewed the report.

34. A third-party audit of the Applicant's compliance with the Abatement Agreement may be conducted at any time the City deems necessary at the Owner's expense.

35. No extension to the period of tax abatement will be granted.

36. Applicant shall allow employees and/or representatives of the City of Ingleside who have been designated by the Mayor or the City Manager to have access to this property during the term of this Agreement in order to inspect the facility or records pertaining to the New Eligible Property to determine compliance with the terms and conditions of this Agreement and ensure that the improvements and/or repairs are made according to the specifications and conditions of this Agreement. Reasonable notice of any inspections and/or audits made with one or more representatives of the Owner and in accordance with Owner's safety standards shall be given, but the City reserves the right to conduct inspection and/or audits without notice. Should tax entities deem an audit necessary, such audit shall be at the expense of Owner.

37. Applicant/Owner shall, upon execution of this Agreement, pay City a one-time document preparation, administrative and compliance oversight fee of twelve thousand five hundred dollars (\$12,500.00).

#### INCLUSION OF FUTURE IMPROVEMENTS BY ADDENDUM

38. If mutually agreed by the City and by the Owner, and approved by affirmative vote of a majority of the members of the City Council of the City of Ingleside at a regularly scheduled meeting of the City Council, by means of an addendum to this Agreement the City may, at its sole discretion, approve and accept incorporation of additional projects or new improvements to be subject to the terms and conditions of this tax abatement agreement, so long as the additional new improvements create further new value of at least \$13 million and otherwise are in compliance with the requirements of the addendum and this agreement.

#### WATER SUPPLY TO IMPROVEMENTS

39. It is mutually agreed by Owner and by City that, subject to availability the City shall supply and sell to owner at the prevailing rates of the City of Ingleside all potable and nonpotable water used at the property (and not for resale) in connection with the construction, operation or administration of the property, facility and improvements that are the subject of this agreement.

#### SUCCESSOR AND ASSIGNS

40. This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns. This Agreement may be assigned with the written consent of the City. After any permitted assignment, all references to Owner herein shall thereafter be a reference to such successor with respect to any obligations or liabilities occurring or arising after the date of such assignment.

#### NOTICE

41. All notices required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand or overnight delivery:

If intended for Owner, to:

If intended for City, to:

Attn: City Manager  
City of Ingleside, Texas  
211 E. Pleasant Run Road  
Suite A  
Ingleside, Texas 75019

#### CITY COUNCIL AUTHORIZATION

42. This Agreement was authorized and approved by resolution of the City Council of the City of Ingleside at a duly noticed and called Council meeting, authorizing the Mayor to execute this Agreement on behalf of the City.

#### SEVERABILITY

43. In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

#### APPLICABLE LAW

44. This Agreement shall be construed under the laws of the State of Texas. Venue for any action or dispute concerning or arising out of this Agreement or the administration of this Agreement shall be in San Patricio County, Texas.

#### COUNTERPARTS

45. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

#### ENTIRE AGREEMENT

46. This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement.

#### COVENANT RUNNING WITH THE PREMISES

47. The provisions of this Agreement are hereby declared covenants running with the Premises and are fully binding on all successors, heirs, and assigns of Owner who acquire any right, title, or interest in or to the Premises, or any part thereof. Any person who acquires any right, title, or interest in or to the Premises, or any part hereof, thereby agrees and covenants to abide by and fully perform the provisions of this Agreement with respect to the right, title or interest in such Premises.

#### RECORDATION OF AGREEMENT

48. A certified copy of this Agreement shall be recorded in the Deed Records of San Patricio County, Texas.

#### INCORPORATION OF RECITALS

49. The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement.

INCORPORATION OF EXHIBITS

50. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

EXECUTED in duplicate originals this the \_\_\_\_\_ day of August, 2014.

CITY OF INGLESIDE, TEXAS

By: \_\_\_\_\_  
Pete Perkins, Mayor

ATTEST:

By: \_\_\_\_\_  
Kimberley Drysdale, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael G. Morris, City Attorney

EXECUTED in duplicate originals this the \_\_\_\_\_ day of August, 2014.

OXY INGLESIDE ENERGY CENTER, LLC

By: \_\_\_\_\_  
Michael Horne, Assistant Secretary

EXECUTED in duplicate originals this the \_\_\_\_\_ day of August, 2014.

OXY INGLESIDE LPG TERMINAL, LLC

By: \_\_\_\_\_  
Michael Horne, Assistant Secretary

CITY ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF SAN PATRICIO

This instrument was acknowledged before me on the \_\_\_\_\_ day of August, 2014, by Pete Perkins, Mayor of the City of Ingleside, Texas, a Texas Home Rule municipality on behalf of said municipality.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:

OWNER ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the \_\_\_\_\_ day of August, 2014, by Michael Horne, Assistant Secretary of Oxy Ingleside Energy Center, LLC on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:

OWNER'S ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the \_\_\_\_\_ day of August, 2014, by Michael Horne, Assistant Secretary of Oxy Ingleside LPG Terminal, LLC on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

STATE OF TEXAS §  
COUNTY OF SAN PATRICIO §

478.551 ACRES

FIELD NOTES to describe the boundary of a 478.551 acre remainder of 483.158 acres known as Tract I as described in a deed to The Department of The Navy as recorded in Volume 2081, Page 483, Deed Records, Nueces County, Texas and being out of the L. Von Zacharias Survey 1, Abstract 271 and the T.H. Judson Survey 63, Abstract 177, both in San Patricio County, Texas, said 478.551 acre tract being more particularly described by metes and bounds as follows;

BEGINNING at a concrete monument with a square brass plate stamped "14.86" found in the west right of way of F.M. Road 1069 at the southwest area of the intersection with F.M. 2725 for the most southerly northeast corner of this tract, said monument having coordinates of N 17195295.81, E 1406451.58, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, S 21° 18' 43" W, along said west right-of-way, a distance of 1216.17' to a concrete monument with a square brass plate found for a bend point in said right-of-way and a bend point in the east line of this tract;

THENCE, S 21° 09' 10" W, continuing along said right-of-way and along the west line of a called 40 acre tract described in a deed to the State of Texas as recorded in Volume 195, Page 19, Deed Records, San Patricio County, Texas, at 541.46' pass a found concrete monument with a square brass plate, in all a distance of 1610.15' to a concrete monument with a square brass plate found for an exterior corner in the east line of this tract;

THENCE, N 68° 51' 00" W, a distance of 249.35' to a concrete monument with a square brass plate found for an interior corner of this tract;

THENCE, S 21° 08' 35" W, a distance of 191.54' to a monument with a cap stamped "OXY Ingleside Property Holdings", herein after referred to as 'an OXY monument', set at the time of this survey to replace the original found property marker in the north line of the current Flint Hills facility described in a deed to Koch Refining Company, L.P. as recorded in Clerks File #447427, Real Property Records, San Patricio County, Texas for an exterior of this tract;

THENCE, N 68° 54' 55" W, at 86.04' pass a concrete monument with a square brass plate found for the northwest corner of said Flint Hills tract and the northeast corner of an 1.62 acre tract of land out of said Tract I described as Parcel A in a deed to Flint Hills Resources Corpus Christi, LLC as recorded in Clerks File #606859, Official Public Records, San Patricio, Texas, in all a distance of 105.04' to an OXY monument set for an interior corner of this tract;



THENCE, S 21° 08' 40" W, a distance of 2505.41' to an OXY monument set for an interior corner of said Parcel A and an exterior corner of this tract;

THENCE, N 68° 51' 30" W, a distance of 260.90' to an OXY monument set for an exterior corner of said Parcel A and an interior corner of this tract;

THENCE, S 65° 41' 03" W, a distance of 16.86' to an OXY monument for an exterior corner of said Parcel A and an interior corner of this tract;

THENCE, S 21° 08' 50" W, at 812.38' pass a 5/8" steel rod found for the southwest corner of said Parcel A and the northwest corner of Parcel B as recorded in the same deed, in all a distance of 855.93' to an OXY monument set for an exterior corner of said Parcel Band an interior corner of this tract;

THENCE, S 81° 27' 49" E, a distance of 20.23' to an OXY monument set for an interior corner of said Parcel Band an exterior corner of this tract;

THENCE, S 07° 57' 56" W, a distance of 138.38' to an OXY monument set for an interior corner of said Parcel B and an exterior corner of this tract;

THENCE, N 82° 02' 54" W, a distance of 168.65' to an OXY monument set for an exterior corner of said Parcel Band an interior corner of this tract;

THENCE, S 07° 57' 06" W, at 64.41' pass an OXY monument set for a 15.00' offset to the corner, in all a distance of 79.41' to a point on the face of the bulkhead of the existing dock facility, now agreed on to be the location of the existing shoreline, said point being the northeast corner of Tract IV of this description, shown on the same plat as this Tract I and the southeast corner of this tract, said point having coordinates of N 17189367.17, E 1403379.78, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, along the south line of said Tract I, said line being the face of the bulkhead, the following calls;

N 82° 03' 17" W, a distance of 1364.36';

N 69° 04' 59" W, a distance of 79.86';

S 88° 09' 25" W, a distance of 559.60';

THENCE, N 47° 31' 29" W, continuing along said bulkhead line, a distance of 33.82' to the point at which the bulkhead line meets the existing natural shoreline as determined by the 0.7' contour line, then continuing along said contour line the following calls;

S 47° 55' 30" W, a distance of 15.27';

S 68° 58' 00" W, a distance of 38.73';

N 64° 23' 51" W, a distance of 27.79';

N 73° 10' 44" W, a distance of 62.07';

S 76° 13' 49" W, a distance of 43.76;

S 57° 56' 22" W, a distance of 41.82';

S 70° 46' 41" W, a distance of 64.04';

S 73° 12' 49" W, a distance of 126.80';

S 62° 08' 19" W, a distance of 160.68';

S 60° 21' 58" W, a distance of 85.26';

S 74° 07' 34" W, a distance of 97.00';

N 89° 52' 20" W, a distance of 119.54';

N 89° 06' 15" W, a distance of 26.69';

THENCE, N 84° 55' 44" W, continuing along the shoreline, a distance of 2.79' to an unmarked point in the east boundary line of a called 98.44 acre tract described in a deed to Baker's Port, Inc. as recorded in Clerks File #353262, Real Property Records, San Patricio County, Texas for the northwest corner of said Tract IV and the southwest corner of this tract;

THENCE, N 21° 09' 21" E, at 100.00' pass an OXY monument set on line for reference, at 156.92' pass a found concrete monument with a square brass plate, at 6305.78' pass an OXY monument set for the south right of way of F.M. 1069 as described in Clerks File #3 74150- Real Property Records, San Patricio County, Texas, in all a distance of 6628.43' to a broken concrete monument found in the original south right of way of F.M. 1069 for the northeast corner of said 98.44 acre tract and for the northwest corner of this tract;

THENCE, N 88° 21' 05" E, a distance of 3291.23' to an OXY monument set for the most northerly northeast corner of this tract, said point being the point of curvature for a curve to the right from which the radius bears S 01° 38' 55" E, 266.26, said curve having a central angle of 112° 57' 40" and a tangent of 401.98';

THENCE, along said curve and right of way, an arc length of 514.94' to the POINT OF BEGINNING and containing 478.551 acres of land of which 6.849 acres are within the right of way of F.M. 1069.

STATE OF TEXAS §  
COUNTY OF SAN PATRICIO §

435.7-ACRES

FIELD NOTES to describe the boundary of a 435.7 acre tract, herein called Tract II, being the 258.879 acre "Exhibit A in a correction deed to The Port of Corpus Christi Authority as recorded in Clerks File #512869, Real Property Records, San Patricio County, Texas, 74.71 acres as described in a deed to The Port of Corpus Christi Authority as recorded in Clerks File #353260, Real Property Records, San Patricio County, Texas, a called 98.44 acre tract described in a deed to The Port of Corpus Christi Authority as recorded in Clerks File #353262, Real Property Records, San Patricio County, Texas and a called 3.861 acre tract described in a quitclaim deed to The Port of Corpus Christi Authority as recorded in Clerks File #508819, Real Property Records, San Patricio County, Texas, all being out of the L. Von Zacharias Survey 1, Abstract 271, the T.H. Judson Survey 63, Abstract 177, the J. Robinson Survey, Abstract 225 and the T.T. Williamson Survey, Abstract 295, all in San Patricio County, Texas, said 435.7-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a broken concrete monument found in the original south right-of-way of F.M. Road 1069 for the northwest corner of a called 483.158 acre tract of land described as Tract I in a deed to the Department of the Navy as recorded in Volume 2081, Page 483, Deed Records, Nueces County, Texas and the northeast corner of this tract, said monument having coordinates of N 17195564.17, E 1402905.32, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, S-21°-09'-21"-W, at 162.72' pass a monument with a cap stamped "OXY Ingleside Property Holdings", herein after referred to as "an OXY monument", set at the time of this survey to replace the original found property marker in the existing south right-of-way of F.M. 1069 for the southeast corner of a tract described in Clerks File #383009, Real Property Records, San Patricio County, Texas, at 6471.50' pass a found concrete monument with a square brass plate previously set for reference, at 6528.43' pass an OXY monument set online for reference, in all a distance of 6628.43' to an unmarked point 011 the existing shoreline for the southeast corner of this tract and being the beginning of the state land boundary as measured along the 0.7' contour;

THENCE, along the north line of a 29.26-acre tract, herein called Tract III, said line being the 0.7' contour as observed on this date, the following calls;

N 84° 55' 44" W, a distance of 90.28';

N 80° 56' 04" W, a distance of 90.53';

N 73° 42' 00" W, a distance of 117.72';

N 76° 25' 15" W, a distance of 94.85';

N 79° 09' 39" W, a distance of 99.99';

N 81° 46' 03" W, a distance of 83.76';

N 82° 55' 50" W, a distance of 74.82';

S 85° 18' 45" W, a distance of 71.05';

S 89° 06' 28" W, a distance of 75.93';

S 89° 05' 16" W, a distance of 91.98';

N 83° 31' 46" W, a distance of 125.10';

N 67° 25' 49" W, a distance of 95.44';

THENCE, N 52° 26' 36" W, a distance of 31.20' to an unmarked point which is the point of intersection of the current shoreline and a line created to parallel the east line of this tract for the northwest corner of said Tract III and the southwest corner of this tract;

THENCE, N 21° 09' 21" E, at 30.00' set an OXY monument online for reference, in all a distance of 71.36' to an OXY monument set for the southwest corner of said 3.861-acre tract and an interior corner of this tract;

THENCE, N 01° 14' 20" W, along a line which is the extension of the east right-of-way of Rustic Avenue as shown on the plat of Ingleside Townsite as recorded in Volume 5, Page 39, Map Records, San Patricio County, Texas, at 316.16' pass the northwest corner of said 3.861-acre tract and the southwest corner of said 258.879 acre tract, from this point continuing along said right-of-way as platted (70' r.o.w.), in all a distance of 898.51' to an OXY monument set in the northeast right-of-way of Live Oak Street (50' r.o.w.) as shown on said plat for an interior corner of this tract;

THENCE, N-53°-28'-10"-W, along said right-of-way, a distance of 2425.49' to an OXY monument set in the southeast right-of-way of Wildwood Drive (50' r.o.w.) as shown on said plat for an exterior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, along said right-of-way, a distance of 349.90' to an OXY monument set in the northeast right-of-way of Ebony Street (49.90' r.o.w.) as shown on said plat for an interior corner in the west line of this tract;

THENCE, N 53° 28' 50" W, along said right-of-way, a distance of 210.00' to an OXY monument set for the south corner of Lot 1, Block 105, as shown on the old map of Ingleside Townsite as recorded in Volume 2, Pages 5 and 6, Map Records, San Patricio

County, several blocks of which have been vacated except those portions of Blocks 105 and 93 as described in a Cession Agreement recorded in Clerks File 587749, Real Property Records, San Patricio County, Texas and for an exterior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, a distance of 300.00' to an OXY monument set for the east corner of Lot 6 in said Block 105 and the southwest right-of-way of Fifteenth Street (unopened 49.90' r.o.w.) for an exterior corner in the west line of this tract;

THENCE, S 53° 28' 50" E, along said right-of-way, a distance of 10.00' to an OXY monument set in the centerline of a 20' wide alley shown on said plat for an interior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, along the center of said alley, a distance of 150.32' to an OXY monument set found for an interior corner in the west line of this tract;

THENCE, N 53° 28' 50" W, at 10' pass the east corner of Lot S. Block 93 of said subdivision, in all a distance of 149.64' to an OXY monument set in the south right-of-way of Starlight Drive (50' r.o.w.) for the north corner of said Lot 5 and an exterior corner in the west line of this tract;

THENCE, N 36° 30' 45" E, along said right-of-way, a distance of 2782.72' to an OXY monument set in said east right-of-way of Rustic Avenue for an interior corner in the west line of this tract;

THENCE, N 01° 13' 43" W, along said right-of-way, at 392.73 pass an OXY monument set in the existing south right-of-way of F.M. 1069, in all a distance of 402.73' to an OXY monument set in the original south right-of-way of said F.M. 1069 for the northwest corner of this tract;

THENCE, N-88°-21'-05"-E, along said original right-of-way, a distance of 3609.81' to the POINT OF BEGINNING and containing 435.7 acres of land of which 3.677 acres are within the right-of-way of F.M. 1069.

EXHIBIT "B"

APPLICATION FOR ABATEMENT

June 10, 2014

City of Ingleside  
Mr. Jim Gray, City Manager  
2671 San Angelo St.  
Ingleside, TX 78362

Gentlemen:

Enclosed is a second amended application for tax abatement in City of Ingleside, San Patricio County (correcting ownership information and reducing the scope of the project) on a new LPG Processing plant and Shipping Terminal that are to be owned by OXY INGLESIDE ENERGY CENTER, LLC. AND OXY INGLESIDE LPG TERMINAL, LLC.

Also, enclosed as a part of the application are attachments as follows:

- A. Description of the project and site map for the new LPG facility.
- B. List of the major equipment items to be included in the new LPG facility.
- C. Key Milestones
- D. Plat of the tract of land that was included in a reinvestment zone for the new LPG facility.
- E. Metes and bounds legal description of the tract of land that was included in a reinvestment zone for the new LPG facility.
- F. Copy of the Guidelines and Criteria for granting tax abatement in San Patricio County.
- G. 2013 Annual Report - Occidental Petroleum Corporation.

The new LPG facility will be located on a site at OXY INGLESIDE ENERGY CENTER (formally Naval Station Ingleside). It will be situated on a 914.25 acre tract of land.

Please acknowledge receipt of this application in the space below and return a copy of this letter in the enclosed, self-addressed envelope.

Very truly yours,

Erin R Pogue  
Sr. Property Tax Agent

ERP/  
Encl.

Received by:

Date:

City Manager Telephone No.: (361) 776-2517  
area code



**APPLICATION FOR TAX ABATEMENT**

**CITY OF INGLESIDE, SAN PATRICIO COUNTY, TX**

**OXY INGLESIDE ENERGY CENTER, LLC. and  
OXY INGLESIDE LPG TERMINAL, LLC.**

## APPLICATION FOR TAX ABATEMENT IN SAN PATRICIO COUNTY

### INSTRUCTIONS:

Applicants and projects must meet the requirements established by the San Patricio County Guidelines and Criteria in order to receive positive consideration. Section 2 of the Guidelines sets out regulations governing eligible facilities, eligible and ineligible improvements, terms, and economic qualifications. Conformance with all applicable sections is required for eligibility.

### APPLICANTS INFORMATION:

The taxing unity may consider the applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned business of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name of contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

### PROJECT INFORMATION:

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if the project qualifies. If the project is a Regional Entertainment Facility or other Basic Industry, the application should include market studies, business plans, agreements or other materials demonstrating that the facility is intended to serve a market the majority of which is substantially outside of the San Patricio County region.

### ECONOMIC INFORMATION

**Permanent Employment Estimates.** In estimating the permanent employment of the projects, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

**Estimated appraised Value 'on Site.'** The value January 1 preceding abatement should be the value established by the San Patricio County Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least two million dollars after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plan administration, housing, etc.

### Applications for Tax Abatement in San Patricio County Fill-in Instructions

This application should be filed at least THIRTY (30) DAYS prior to the beginning of construction or the installation of equipment. This application will become a part of any later agreement or contract and known false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED

To: Ingleside City Manager – 2671 San Angelo St., Ingleside, TX 78362

Submittal Date June 10, 2014

Company Name Oxy Ingleside Energy Center, LLC. and Oxy Ingleside LPG Terminal, LLC.

Company Address PO BOX 27570, HOUSTON, TX 77227-7570

Company Phone (713) 840-3031

Contact of this Project Mr. William Shock

Number employed N/A New Facility

Annual Sales per Year N/A New Facility

Annual Report Submitted? Yes  X  No \_\_\_\_\_ (See instructions)

Type of Structure: Corporation (X) Partnership ( ) Proprietorship ( )

Type of Facility to be abated: Manufacturing (X)      Regional Distribution ( )      Regional Service ( )  
    Regional Entertainment Center ( )      Research ( )      Other ( )  
    Basic Industry ( )      Multi-family housing ( )

Attach map showing site

Describe product or service to be provided      LPG processing, storage and transportation  
This application is for new construction (X)      expansion ( )      Modernization ( )

Please attach a statement fully explaining the project: describing the site and existing improvements; describing all proposed improvements; providing a list of improvements and fixed equipment for which abatement is requested.

### Permanent Employment Estimates

Estimated Number of Plant Jobs	Retained (11	Created (20)	at Start (31	Total permanent)
--------------------------------	--------------	--------------	--------------	------------------

Estimated Operational Date and or opening of improvements May 2015

**Construction and employment estimated**

Construction Start (month/year) July, 2014

Construction Completion (month/year) April, 2015

Number of Construction jobs start 10 peak 150 finish 25

\_\*

Number of Construction jobs per year 125

**School District Impact Estimates**

Number of families transferred to area 10

Number of children added to ISD 15

**City Impact Estimates**

Volume of treated water required from city 85,000 gal/mo. Increase from current use

Volume of effluent to be treated by city 72,000 gal/mo. sanitary sewer flow over current use-

Estimated Appraised Value on Site

Land

Personal Property

Improvements

Valuations January 1

Preceding abatement \$ 12,102,067 (2013) \$ 358,000 (2014)  
(2013)\_

\$ 49,092,986

Value, upon completion of project, of personal property and improvements not subject to abatements:

\$ 12,102,067 (2013)

\$ 358,000 (2014)

\$ 49,092,986 (2013)

Estimated value of eligible improvements after abatement agreement expires: \$ 50,000,000

**Variance:**

Is a variance being sought under Section 3 (f) of the Guidelines?

       Yes   X   No

If "yes" attach any supplementary information required. Letter attached asking for variance

Other Agreement Applications

Has the company made application for abatement of this project to other taxing jurisdictions within the San Patricio County?

  X   Yes        No

To other taxing jurisdictions or counties?

       Yes   X   No

If "yes," please provide dates of application; hearing dates; names of jurisdiction(s) and contact; and any letters of intent to abate.

Pending

Declaration

To the best of my knowledge the above information is an accurate description of project details.

Company Official Signature

Printed Name of Company Official Michael Horne

Title of Company Official: Ass't Secretary

ACTION

DO NOT WRITE HERE

FOR OFFICIAL USSE

1. EDC Contact

2. San Patricio County Precinct 400 West Sinton St., #109, Sinton, TX 78387

3. School District 2664 San Angelo St., Ingleside

4. City of Ingleside

5. Other District San Patricio County Drainage District, P.O. Box 1412, Sinton, TX 78387

6. Jurisdictions Notified (date) 7-17-14

7. Initial Review Complete (date) 8-5-14

8. Review Circulated (date) 8-5-14

9. Concurrence

ISD \_\_\_\_\_

Other District(s) \_\_\_\_\_

City \_\_\_\_\_

10. Letter of Intent (date) 5-15-14

11. Hearing Notice on Agenda (date) 8-8-14

12. Public Hearing (date) 8-12-14

13. Action

ISD \_\_\_\_\_

Other District(s) \_\_\_\_\_

City \_\_\_\_\_

14. Agreement Signed (date) \_\_\_\_\_

*"Detailed description of the scope of the project:*

The applicant, Oxy Ingleside Energy Center, LLC. and Oxy Ingleside LPG Terminal, LLC. ("Oxy") plans to construct a propane terminal designed to load 60,000 bpd of propane into semi-refrigerated carriers for export to overseas markets. The Facility will be located on approximately 10 acres of land and utilize existing marine facilities at Oxy Ingleside Energy Center, a 914.25 acre property in Ingleside, Texas. Oxy Ingleside Energy Center was formerly known as Naval Station Ingleside. The Facility will receive propane via a pipeline that will bring the product to the Oxy Ingleside Energy Center.

Incoming propane will be filtered and dehydrated at the site and then stored in two 40,000 bbl pressurized spheres. Stored propane will be discharged from the spheres through a refrigeration system for chilling prior to metering and loading. After metering, propane will flow through insulated loading lines to three berths equipped with hydraulically actuated loading arms. The loading arms will be located on the east and west sides of an existing pier and also near the east end of an existing wharf. Loading time will vary by ship type but is expected to range from one to three days.

Air coolers will be used to provide main cooling for the refrigeration system. Electrical power will be supplied to the Facility by AEP, the local transmission company, via existing infrastructure.

Following is a major equipment list:

**Propane**

Pipeline receiving and metering facilities

Separator vessels

Filters

Refrigeration system

2 Molecular sieve dehydration absorbers

Molecular sieve regeneration heater

2 x 40,000 bbl pressurized propane storage spheres

Truck loading station for waste water hauling

Flare

1.3 MM gal firewater storage tank

Fire protection system including 5 diesel engine water pumps

Inlet surge control system

3 Product loading arms with hydraulic drivers

Pipe racks

2 Propane loading pumps

Electrical substation upgrade

Motor control centers and power distribution system



Control valves and isolation valves

Diesel generator for auxiliary electric power

Control room with automated control system

The Facility will also take advantage of various existing structures at Oxy Ingleside Energy Center. For example, the new control center for the Facility will be housed inside an existing building. The Facility will also utilize the following personal property: vehicles, office furnishings and computers.

Key milestones for the Facilities are as follows:

- Begin construction: Mid-July, 2014 (Propane)
- Begin commissioning: March 1, 2015 (Propane)
- Ready for start-up: April 1, 2015 (Propane)

STATE OF TEXAS §  
COUNTY OF SAN PATRICIO §

478.551 ACRES

FIELD NOTES to describe the boundary of a 478.551 acre remainder of 483.158 acres known as Tract I as described in a deed to The Department of The Navy as recorded in Volume 2081, Page 483, Deed Records, Nueces County, Texas and being out of the L. Von Zacharias Survey 1, Abstract 271 and the T.H. Judson Survey 63, Abstract 177, both in San Patricio County, Texas, said 478.551 acre tract being more particularly described by metes and bounds as follows;

BEGINNING at a concrete monument with a square brass plate stamped "14.86" found in the west right of way of F.M. Road 1069 at the southwest area of the intersection with F.M. 2725 for the most southerly northeast corner of this tract, said monument having coordinates of N 17195295.81, E 1406451.58, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, S 21° 18' 43" W, along said west right-of-way, a distance of 1216.17' to a concrete monument with a square brass plate found for a bend point in said right-of-way and a bend point in the east line of this tract;

THENCE, S 21° 09' 10" W, continuing along said right-of-way and along the west line of a called 40 acre tract described in a deed to the State of Texas as recorded in Volume 195, Page 19, Deed Records, San Patricio County, Texas, at 541.46' pass a found concrete monument with a square brass plate, in all a distance of 1610.15' to a concrete monument with a square brass plate found for an exterior corner in the east line of this tract;

THENCE, N 68° 51' 00" W, a distance of 249.35' to a concrete monument with a square brass plate found for an interior corner of this tract;

THENCE, S 21° 08' 35" W, a distance of 191.54' to a monument with a cap stamped "OXY Ingleside Property Holdings", herein after referred to as "an OXY monument", set at the time of this survey to replace the original found property marker in the north line of the current Flint Hills facility described in a deed to Koch Refining Company, L.P. as recorded in Clerks File #447427, Real Property Records, San Patricio County, Texas for an exterior of this tract;

THENCE, N 68° 54' 55" W, at 86.04' pass a concrete monument with a square brass plate found for the northwest corner of said Flint Hills tract and the northeast corner of an 1.62 acre tract of land out of said Tract I described as Parcel A in a deed to Flint Hills Resources Corpus Christi, LLC as recorded in Clerks File #606859, Official Public Records, San Patricio, Texas, in all a distance of 105.04' to an OXY monument set for an interior corner of this tract;

THENCE, S 21° 08' 40" W, a distance of 2505.41' to an OXY monument set for an interior corner of said Parcel A and an exterior corner of this tract;

THENCE, N 68° 51' 30" W, a distance of 260.90' to an OXY monument set for an exterior corner of said Parcel A and an interior corner of this tract;

THENCE, S 65° 41' 03" W, a distance of 16.86' to an OXY monument for an exterior corner of said Parcel A and an interior corner of this tract;

THENCE, S 21° 08' 50" W, at 812.38' pass a 5/8" steel rod found for the southwest corner of said Parcel A and the northwest corner of Parcel B as recorded in the same deed, in all a distance of 855.93' to an OXY monument set for an exterior corner of said Parcel Band an interior corner of this tract;

THENCE, S 81° 27' 49" E, a distance of 20.23' to an OXY monument set for an interior corner of said Parcel Band an exterior corner of this tract;

THENCE, S 07° 57' 56" W, a distance of 138.38' to an OXY monument set for an interior corner of said Parcel B and an exterior corner of this tract;

THENCE, N 82° 02' 54" W, a distance of 168.65' to an OXY monument set for an exterior corner of said Parcel Band an interior corner of this tract;

THENCE, S 07° 57' 06" W, at 64.41' pass an OXY monument set for a 15.00' offset to the corner, in all a distance of 79.41' to a point on the face of the bulkhead of the existing dock facility, now agreed on to be the location of the existing shoreline, said point being the northeast corner of Tract IV of this description, shown on the same plat as this Tract I and the southeast corner of this tract, said point having coordinates of N 17189367.17, E 1403379.78, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, along the south line of said Tract I, said line being the face of the bulkhead, the following calls;

N 82° 03' 17" W, a distance of 1364.36';

N 69° 04' 59" W, a distance of 79.86';

S 88° 09' 25" W, a distance of 559.60';

THENCE, N 47° 31' 29" W, continuing along said bulkhead line, a distance of 33.82' to the point at which the bulkhead line meets the existing natural shoreline as determined by the 0.7' contour line, then continuing along said contour line the following calls;

S 47° 55' 30" W, a distance of 15.27';

S 68° 58' 00" W, a distance of 38.73';  
N 64° 23' 51" W, a distance of 27.79';  
N 73° 10' 44" W, a distance of 62.07';  
S 76° 13' 49" W, a distance of 43.76';  
S 57° 56' 22" W, a distance of 41.82';  
S 70° 46' 41" W, a distance of 64.04';  
S 73° 12' 49" W, a distance of 126.80';  
S 62° 08' 19" W, a distance of 160.68';  
S 60° 21' 58" W, a distance of 85.26';  
S 74° 07' 34" W, a distance of 97.00';  
N 89° 52' 20" W, a distance of 119.54';  
N 89° 06' 15" W, a distance of 26.69';

THENCE, N 84° 55' 44" W, continuing along the shoreline, a distance of 2.79' to an unmarked point in the east boundary line of a called 98.44 acre tract described in a deed to Baker's Port, Inc. as recorded in Clerks File #353262, Real Property Records, San Patricio County, Texas for the northwest corner of said Tract IV and the southwest corner of this tract;

THENCE, N 21° 09' 21" E, at 100.00' pass an OXY monument set on line for reference, at 156.92' pass a found concrete monument with a square brass plate, at 6305.78' pass an OXY monument set for the south right of way of F.M. 1069 as described in Clerks File #3 74150~ Real Property Records, San Patricio County, Texas, in all a distance of 6628.43' to a broken concrete monument found in the original south right of way of F.M. 1069 for the northeast corner of said 98.44 acre tract and for the northwest corner of this tract;

THENCE, N 88° 21' 05" E, a distance of 3291.23' to an OXY monument set for the most northerly northeast corner of this tract, said point being the point of curvature for a curve to the right from which the radius bears S 01° 38' 55" E, 266.26, said curve having a central angle of 112° 57' 40" and a tangent of 401.98';

THENCE, along said curve and right of way, an arc length of 514.94' to the POINT OF BEGINNING and containing 478.551 acres of land of which 6.849 acres are within the right of way of F.M. 1069.

STATE OF TEXAS §  
COUNTY OF SAN PATRICIO §

435.7-ACRES

FIELD NOTES to describe the boundary of a 435.7 acre tract, herein called Tract II, being the 258.879 acre "Exhibit A in a correction deed to The Port of Corpus Christi Authority as recorded in Clerks File #512869, Real Property Records, San Patricio County, Texas, 74.71 acres as described in a deed to The Port of Corpus Christi Authority as recorded in Clerks File #353260, Real Property Records, San Patricio County, Texas, a called 98.44 acre tract described in a deed to The Port of Corpus Christi Authority as recorded in Clerks File #353262. Real Property Records, San Patricio County, Texas and a called 3.861 acre tract described in a quitclaim deed to The Port of Corpus Christi Authority as recorded in Clerks File #508819, Real Property Records, San Patricio County, Texas, all being out of the L. Von Zacharias Survey 1, Abstract 271, the T.H. Judson Survey 63, Abstract 177, the J. Robinson Survey, Abstract 225 and the T.T. Williamson Survey, Abstract 295, all in San Patricio County, Texas, said 435.7-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a broken concrete monument found in the original south right-of-way of F.M. Road 1069 for the northwest corner of a called 483.158 acre tract of land described as Tract I in a deed to the Department of the Navy as recorded in Volume 2081, Page 483, Deed Records, Nueces County, Texas and the northeast corner of this tract, said monument having coordinates of N 17195564.17, E 1402905.32, Texas State Plane Coordinates, South Zone, NAD 83;

THENCE, S-21°-09'-21"-W, at 162.72' pass a monument with a cap stamped "OXY Ingleside Property Holdings", herein after referred to as "an OXY monument", set at the time of this survey to replace the original found property marker in the existing south right-of-way of F.M. 1069 for the southeast corner of a tract described in Clerks File #383009, Real Property Records, San Patricio County, Texas, at 6471.50' pass a found concrete monument with a square brass plate previously set for reference, at 6528.43' pass an OXY monument set online for reference, in all a distance of 6628.43' to an unmarked point 011 the existing shoreline for the southeast corner of this tract and being the beginning of the state land boundary as measured along the 0.7' contour;

THENCE, along the north line of a 29.26-acre tract, herein called Tract III, said line being the 0.7' contour as observed on this date, the following calls;

N 84° 55' 44" W, a distance of 90.28';

N 80° 56' 04" W, a distance of 90.53';

N 73° 42' 00" W, a distance of 117.72';

N 76° 25' 15" W, a distance of 94.85';

N 79° 09' 39" W, a distance of 99.99';

N 81° 46' 03" W, a distance of 83.76';

N 82° 55' 50" W, a distance of 74.82';

S 85° 18' 45" W, a distance of 71.05';

S 89° 06' 28" W, a distance of 75.93';

S 89° 05' 16" W, a distance of 91.98';

N 83° 31' 46" W, a distance of 125.10';

N 67° 25' 49" W, a distance of 95.44';

THENCE, N 52° 26' 36" W, a distance of 31.20' to an unmarked point which is the point of intersection of the current shoreline and a line created to parallel the east line of this tract for the northwest corner of said Tract III and the southwest corner of this tract;

THENCE, N 21° 09' 21" E, at 30.00' set an OXY monument online for reference, in all a distance of 71.36' to an OXY monument set for the southwest corner of said 3.861-acre tract and an interior corner of this tract;

THENCE, N 01° 14' 20" W, along a line which is the extension of the east right-of-way of Rustic Avenue as shown on the plat of Ingleside Townsite as recorded in Volume 5, Page 39, Map Records, San Patricio County, Texas, at 316.16' pass the northwest corner of said 3.861-acre tract and the southwest corner of said 258.879 acre tract, from this point continuing along said right-of-way as platted (70' r.o.w.), in all a distance of 898.51' to an OXY monument set in the northeast right-of-way of Live Oak Street (50' r.o.w.) as shown on said plat for an interior corner of this tract;

THENCE, N-53°-28'-10"-W, along said right-or-way, a distance of 2425.49' to an OXY monument set in the southeast right-of-way of Wildwood Drive (50' r.o.w.) as shown on said plat for an exterior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, along said right-or-way, a distance of 349.90' to an OXY monument set in the northeast right-of-way of Ebony Street (49.90' r.o.w.) as shown on said plat for an interior corner in the west line of this tract;

THENCE, N 53° 28' 50" W, along said right-or-way, a distance of 210.00' to an OXY monument set for the south corner of Lot 1, Block 105, as shown on the old map of Ingleside Townsite as recorded in Volume 2, Pages 5 and 6, Map Records, San Patricio

County, several blocks of which have been vacated except those portions of Blocks 105 and 93 as described in a Cession Agreement recorded in Clerks File 587749, Real Property Records, San Patricio County, Texas and for an exterior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, a distance of 300.00' to an OXY monument set for the east corner of Lot 6 in said Block 105 and the southwest right-of-way of Fifteenth Street (unopened 49.90' r.o.w.) for an exterior corner in the west line of this tract;

THENCE, S 53° 28' 50" E, along said right-of-way, a distance of 10.00' to an OXY monument set in the centerline of a 20' wide alley shown on said plat for an interior corner in the west line of this tract;

THENCE, N 36° 31' 10" E, along the center of said alley, a distance of 150.32' to an OXY monument set found for an interior corner in the west line of this tract;

THENCE, N 53° 28' 50" W, at 10' pass the east corner of Lot S. Block 93 of said subdivision, in all a distance of 149.64' to an OXY monument set in the south right-of-way of Starlight Drive (50' r.o.w.) for the north corner of said Lot 5 and an exterior corner in the west line of this tract;

THENCE, N 36° 30' 45" E, along said right-of-way, a distance of 2782.72' to an OXY monument set in said east right-of-way of Rustic Avenue for an interior corner in the west line of this tract;

THENCE, N 01° 13' 43" W, along said right-of-way, at 392.73 pass an OXY monument set in the existing south right-of-way of F.M. 1069. in all a distance of 402.73' to an OXY monument set in the original south right-of-way of said F.M. 1069 for the northwest corner of this tract;

THENCE, N-88°-21'-05"-E. along said original right-of-way, a distance of 3609.81' to the POINT OF BEGINNING and containing 435.7 acres of land of which 3.677 acres are within the right-of-way of F.M. 1069.



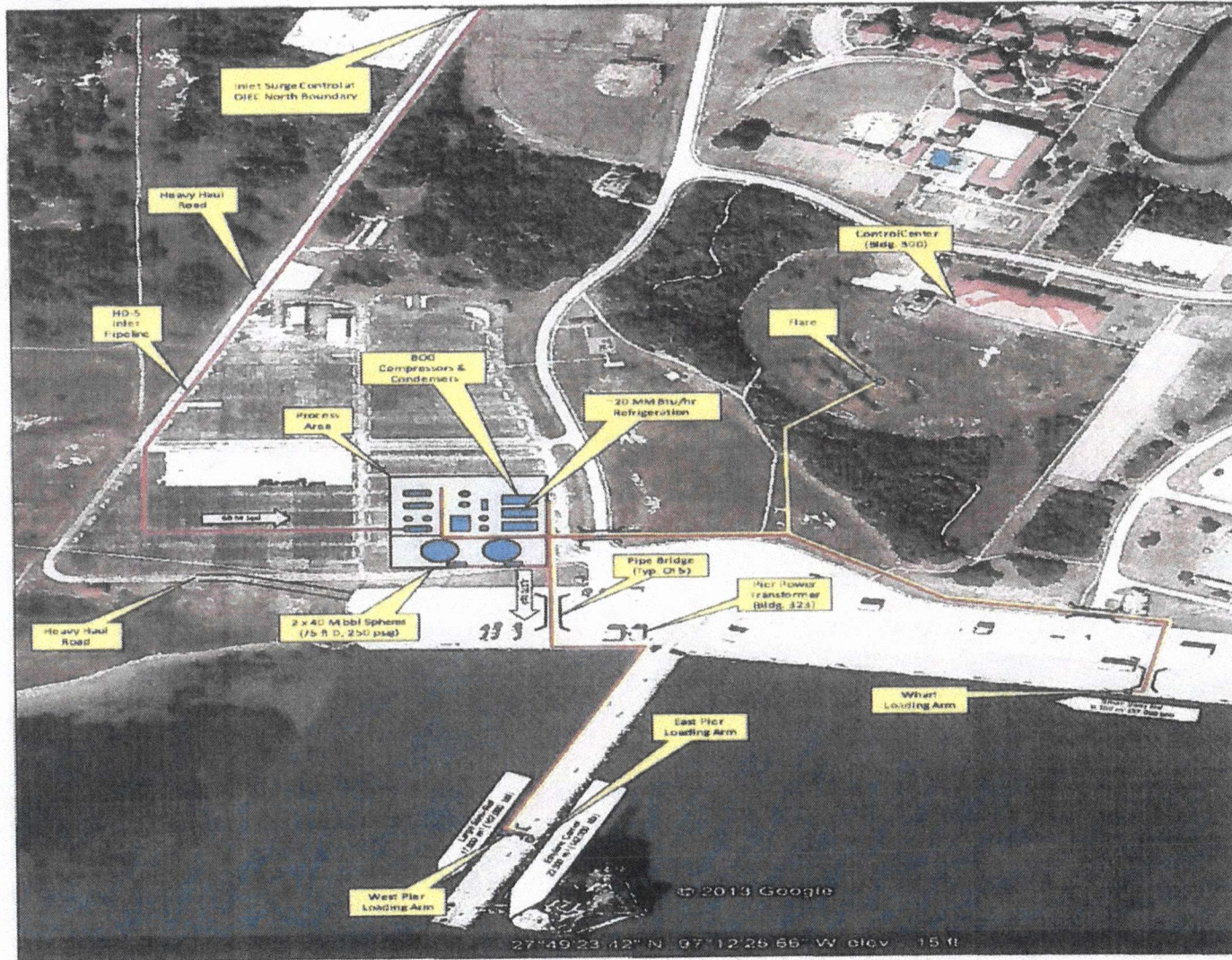
Proposed Reinvestment Zone





**OIEC HD-6 Propane Terminal**  
**Facility Schematic Layout**  
 August 14, 2013

**OXY** Oxy Midstream Strategic Development LLC  
 A subsidiary of Occidental Petroleum Corporation





# Facility Location

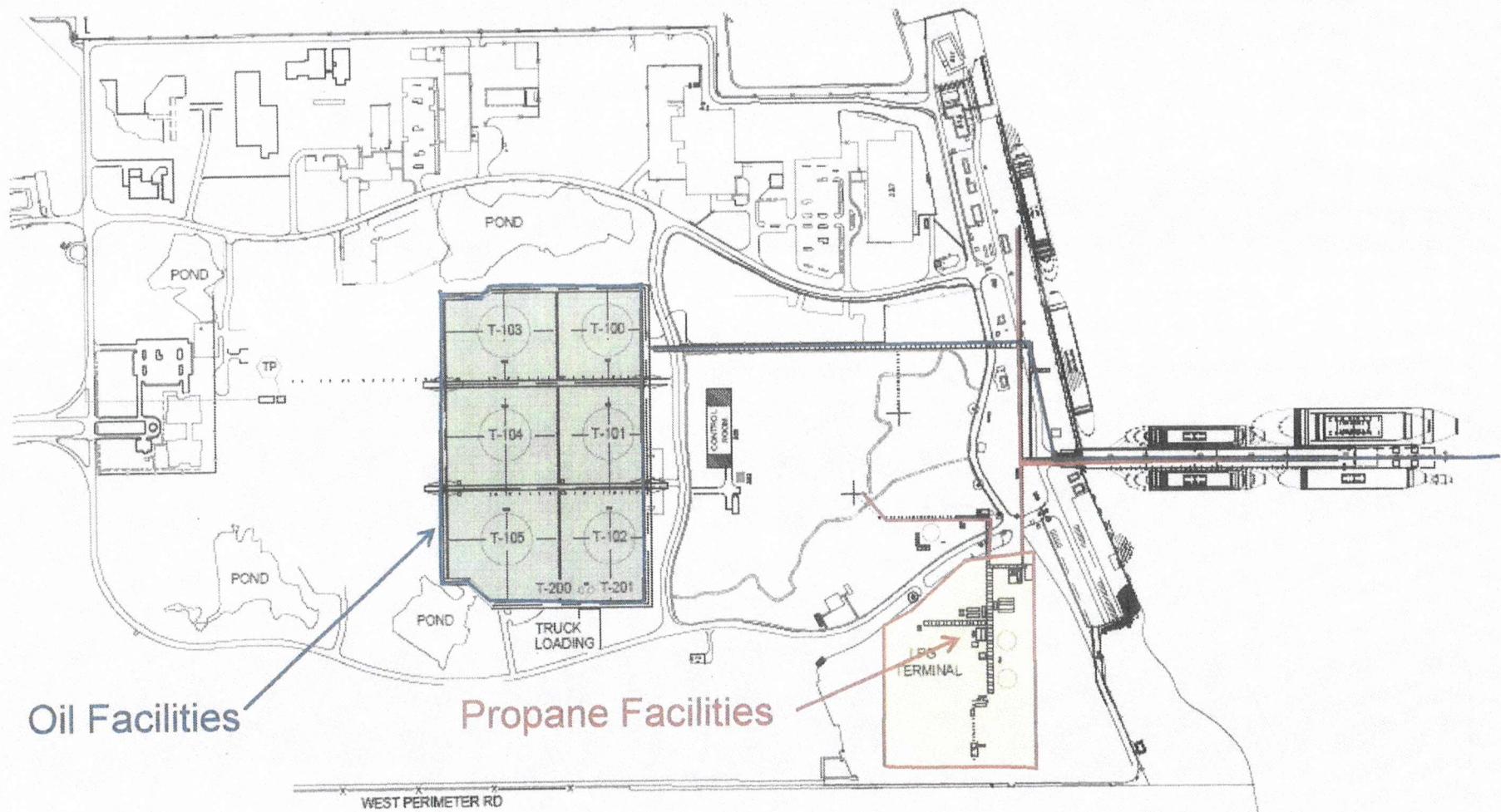


EXHIBIT "C"

CITY OF INGLESIDE GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT

**CITY OF INGLESIDE**  
**RESOLUTION NO. 1091**

AN RESOLUTION ELECTING TO PARTICIPATE IN TAX ABATEMENT AND  
ESTABLISHING GUIDELINES AND CRITERIA UNDER CHAPTER 312 TEXAS  
TAX CODE

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
INGLESIDE, SAN PATRICIO COUNTY, TEXAS, THAT,

**Section 1.** The City hereby elects to participate in tax abatement under Chapter 312 Texas Tax Code.

**Section 2.** The Guidelines and Criteria hereto attached are approved, adopted and established under Chapter 312 Texas Tax Code.

**Section 3. Effective Date.** The Guidelines and Criteria hereby approved and adopted shall be effective for two years from the date of adoption.

**Section 4. Amendment.** The Guidelines and Criteria hereby approved and adopted may be amended or repealed only by an affirmative vote of at least  $\frac{3}{4}$  of the members of the City Council.

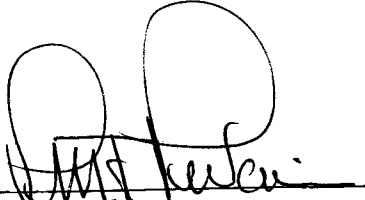
**Section 5. Severance.** If any part of this resolution is invalid or void or is declared to be so, then said part shall be severed from the balance of this resolution and said invalidity shall not affect

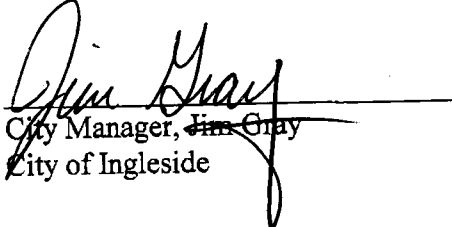
the balance of this resolution, the balance of the resolution to be read as if said invalid or void portion thereof were not included.

**Section 6. Publication.** This resolution shall be published one time in the official newspaper of the City of Ingleside, San Patricio County, Texas, which publication shall contain the caption of this resolution stating in substance the purposes of same.

PASSED, RESOLVED, APPROVED AND ADOPTED this 22 day of

July, 2014.

  
\_\_\_\_\_  
Mayor, Pete Perkins  
City of Ingleside

  
\_\_\_\_\_  
City Manager, Jim Gray  
City of Ingleside

ATTEST:

  
\_\_\_\_\_  
Ingleside City Secretary

**ATTACHMENT:**  
**Guidelines and Criteria**

# **Guidelines and Criteria**

**CITY OF INGLESIDE**  
**GUIDELINES AND CRITERIA**  
**FOR GRANTING TAX ABATEMENT**

WHEREAS, the attraction of long-term investment and the establishment of new jobs in the area are of the highest civic priority; and

WHEREAS, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the City of Ingleside must compete with other localities across the nation currently offering tax inducements to attract new plant, commercial-industrial facilities and modernization projects, and studies have shown that a favorable local tax climate and start-up tax concessions rank second on the list of priorities for new plant or facility installations or expansions; and

WHEREAS, tax abatement is one of the principal means by which the public sector and the private sector can forge a partnership to promote real economic growth within a community; and

WHEREAS, any tax incentives offered by the City of Ingleside must be strictly limited in application to new facilities and the modernization of existing facilities in order to bring new wealth to the community and avoid reducing tax revenues; and

WHEREAS, the Property Redevelopment and Tax Abatement Act (The "Act"), Chapter 312 of the Texas Tax Code authorizes cities to provide property tax abatement for limited periods of time as an inducement for the development or redevelopment of a property; and

WHEREAS, the Act requires the establishment of **Guidelines and Criteria** governing Tax Abatement Agreements by the City before entering into a tax abatement or designation of an area as a Reinvestment Zone and adoption of a Resolution stating that the City elects to become eligible to participate in tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by an affirmative vote of three-fourths (3/4) of the members of the governing body;

NOW, THEREFORE, BE IT RESOLVED by the City of Ingleside that these Guidelines and Criteria for granting tax abatement be adopted:

**Section 1. Definitions.**

(a) "Abatement" means the temporary, full or partial exemption from ad valorem taxes of certain added value to real and personal property in a reinvestment zone designed for economic development purposes pursuant to the Act.

(b) "Added Value" means the increase in the assessed value of an eligible property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility." It does not mean or include "deferred maintenance."

(c) "Agreement" means a contract between a property owner and/or lessee and the City of Ingleside for the purposes of temporary tax abatement.



(d) "Base Year Value" means the assessed value of eligible property as of the January 1 preceding the execution of an Agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the Agreement.

(e) "Basic Industrial, Manufacturing or Service Facility" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which derive a majority of revenue from points beyond a 50-mile radius of San Patricio County.

(f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.

(g) "Economic Life" means the number of years a property improvement is expected to be in service in a Facility.

(h) "Eligible Jurisdiction" means the City of Ingleside, San Patricio County and any school district or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which land area of a jurisdiction is located in San Patricio County and that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by the City of Ingleside pursuant to the Act.

(i) "Expansion" means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.

(j) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.

(k) "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or completion of deferred maintenance.

(l) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

(m) "Owner" means the owner of a Facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of Agreement but shall not be obligated to assure performance of the party receiving abatement.

## **Section 2. Abatement Authorized.**

(a) Authorized Facilities. A Facility may be eligible for abatement if it is a Basic Industrial, Manufacturing or Service Facility. Abatement may be granted for new facilities and Improvements to existing facilities for the purpose of Modernization or Expansion.

(b) Tangible Personal Property. Equipment and/or tools used, or brought or leased for use, in the operations of the business applying for tax abatement, other than that which was located on the real property at any time before the period covered by the tax abatement agreement, and other than inventory, supplies, and/or office equipment.

(c) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and listed in an abatement Agreement between the City of Ingleside and the property owner and lessee (if required), subject to such limitations as the City of Ingleside may require. The economic life of the improvements must exceed the term of the abatement Agreement.

If a modernization project includes facility replacement, the new value subject to abatement shall be the value of the new unit less the value of the old unit.

(d) Eligible Property. Abatement may be extended to the value of the improvements to real property, including buildings, structures, fixed machinery and equipment, and site improvements, plus that office space and related fixed improvements necessary to the operation and administration of the Facility. Abatements may also extend to certain tangible personal property that is located within the reinvestment zone. The value of all property shall be the appraised value for each year, as finally determined by the applicable appraisal district.

(e) Ineligible Property: The following types of property shall be fully taxable and ineligible for tax abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; movable heavy equipment (such as cranes, forklifts, etc.); vessels; aircraft; trailers; housing; hotel accommodations; furniture; deferred maintenance investments; property to be rented or leased except as provided in Section 1(m); improvements for the transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, which are not integral to the operation of the facility; improvements to real property that have a productive life of less than 10 years; and property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

(f) Period of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the Agreement. Abatement shall be for a period not to exceed ten years under the Agreement, and shall be conditioned on the Owner of the property making improvements as specified in the Agreement.

(g) Abatement Percentage. Temporary property tax abatement may be authorized for the development of a Facility or the addition of tangible personal property that meets the qualification criteria of capital investment and creation of new jobs. Where the value of new eligible property is between 50 million dollars and 100 million dollars, twenty-five percent (25%) of the value of the new eligible properties may be abated for each of the years during the abatement period, unless otherwise agreed in the abatement agreement for property located in a specific designated reinvestment zone. Where the value of new eligible property is greater than 100 million dollars, an abatement percentage greater than 25% may be specified in the Agreement approved by the City on a case by case basis. These guidelines notwithstanding, the City has the authority to negotiate with an applicant for abatement the term of years and the percentage of abatement, except that abatement agreements made with owners of property in the same reinvestment zone must contain identical terms for the portion of the value of the property that is to be abated and the duration or length of the abatement period/term.

(h) Minimum qualifications. In order to be eligible for designation as a reinvestment zone and receive tax abatement of the planned improvement for up to ten years, (a) the total expenditure for the construction of eligible property must exceed \$50,000,000, and (b) the planned improvements must create full-time employment for at least twenty (20) new people on a permanent basis in the City of Ingleside.

In order to be counted as a permanent job under these Guidelines, the job must be a full-time position providing regular work schedules of at least 35 hours per week and the employer must cover over 51% of the employee's health insurance costs. Any jobs filled by H1B and H2B workers will be excluded as permanent jobs.

During the period of construction of the Facility, the Owner may receive an abatement percentage if so provided and as set forth in the terms of the abatement agreement approved by the governing body of the City. The construction period may last up to two years.

(i) Taxability. From the execution of the Agreement to the end of the abatement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Section 2(e), as well as any other property other than Eligible Property, shall be fully taxable (except for personal property added in connection with a Rehabilitation Project);
- (2) The Base Year Value of existing Eligible Property as determined each year shall be fully taxable; and
- (3) The Added Value of new Eligible Property shall be taxable in the manner described in Section 2(g) above.

### Section 3. Application

(a) Written Application. Any present or potential owner of taxable property in the City of Ingleside may request tax abatement by filing a written application with the City of Ingleside. A non-refundable cashier's check in the sum of twenty-five hundred dollars (\$2,500.00) (application fee) must be submitted with the application, said sum to be used to offset application processing expenses of the City. If an application is approved, Owner/Applicant shall agree to pay City, at the time an abatement agreement is executed, a one-time document preparation, administrative and compliance oversight fee of twelve thousand five hundred dollars (\$12,500.00).

(b) Contents of Application. The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which abatement is requested; a list of the kind, number and location of all proposed improvements of the property, including the economic life of each and its eligibility for a TCEQ exemption (if known); a map and property description; and a time schedule for undertaking and completing the proposed improvements. The applicant shall also include a certification of the current number of permanent full-time, part-time and contract employees of the applicant, by category, employed in the City of Ingleside at the time of the application. In the case of a Modernization or Expansion project, a statement of the assessed value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the

application. The application form may require such financial and other information as the City of Ingleside deems appropriate for evaluating the financial capacity and other relevant factors of the applicant.

(c) Written Notification to Governing Bodies. Upon receipt of a completed application, the City Manager shall notify in writing the presiding officer of the governing body of each Eligible jurisdiction having jurisdiction of the property covered by the application.

(d) Feasibility. After receipt of an application for abatement, the City shall consider the feasibility and the impact of the proposed tax abatement. The study of feasibility shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes and the benefit to the Eligible jurisdiction and the property to be covered by such abatement.

(e) No Abatement if Construction has Commenced. The City Council shall not establish a reinvestment zone and no tax abatement Agreement shall be approved if the application for the abatement was filed after the commencement of construction, alteration or installation of improvements related to the proposed Modernization, Expansion or New Facility.

(f) Variance. Requests for variance from the provisions of Section 2 may be made in written form, provided, however, that no variance may extend the term of abatement beyond ten years after completion of construction. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires an affirmative vote of three-fourths (3/4) of the members of the governing body of the City.

If the Application is complete, properly submitted to the City, and in conformance with the application requirements specified in these Guidelines and Criteria, the City may decide to designate by ordinance a reinvestment zone and consider approval of a tax abatement agreement with applicant pursuant to the Act and as outlined in Section 4 herein.

#### **Section 4. Public Hearing, Notices and Approval.**

(a) Public Hearing on Designation of Zone. A resolution designating a reinvestment zone for tax abatement under the Act may not be adopted by the City until a public hearing has been held at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be provided to each Eligible jurisdiction by delivery to the presiding officer of the governing body, and to the public by publication in a newspaper in the manner required by the Act, not later than the seventh day before the date of the hearing.

(b) At the City's option, prior to entering into a tax abatement agreement, the City Council may hold a public hearing at which interested persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.

(c) Notice of Tax Abatement Agreement. Not later than the seventh (7<sup>th</sup>) day before the date on which the City enters into a tax abatement agreement, the Mayor or his designee shall have delivered to the presiding officer of the governing body of each other taxing unit, in which the property to be subject to the agreement is located, a written notice that the City intends to enter into the abatement agreement. The notice must include a copy of the proposed abatement agreement. Such notice is presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

(d) Required Findings. In order to designate a reinvestment zone and enter into a tax abatement Agreement, the City must find:

- (1) that the area to be designated a reinvestment zone is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality, and
- (2) that the proposed improvements are feasible and practical and would be a benefit to the land to be included in the reinvestment zone and to the municipality after the expiration of an abatement agreement, and
- (3) that the terms of the proposed abatement Agreement meet these Guidelines and Criteria.

(e) Approval by Governing Body. The abatement agreement must be approved by the affirmative vote of a majority of the members of the governing body of the City of Ingleside at a regularly scheduled meeting of the governing body.

(f) Reservation of Rights. Nothing herein shall be construed to limit the authority of the City, the County or any other jurisdiction to examine each application for tax abatement before it on a case-by-case basis and determine in its sole and absolute discretion whether or not the proposed project should be granted temporary tax abatement and whether or not it complies with these Guidelines and Criteria, is feasible, and whether or not the proposed temporary abatement of taxes will inure to the long-term benefit of such Eligible jurisdiction. Adoption of these guidelines and criteria: (a) does not limit the discretion of the governing body of the City of Ingleside to decide whether or not to enter into a specific tax abatement agreement, and (2) does not create any property, contract, or other legal right in any person to have the governing body of the City of Ingleside consider or grant a specific application or request for tax abatement.

#### Section 5. Agreement.

(a) Contents of Tax Abatement Agreement. The tax abatement Agreement with the Owner of the Facility shall include:

- (1) the estimated value to be subject to abatement and the Base Year Value;
- (2) the percentage of value to be abated each year as provided in Section 2(g);
- (3) the commencement date and termination date of abatement;
- (4) the proposed use of the Facility, nature of construction, time schedule, map, property description and improvements list as provided in the application as required;
- (5) the contractual obligations in the event of default, delinquent taxes, recapture, administration and assignment as provided in these Guidelines or other provisions that may be required for uniformity or by state law;

- (6) the amount of Added Value and required number of permanent jobs;
  - (7) a provision limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
  - (8) at the City's option a provision requiring that subject to availability the City shall supply and sell to owner at the prevailing rates of the City of Ingleside all potable and nonpotable fresh water used at the property (and not for resale) in connection with the construction, operation or administration of the property, facility and improvements that are the subject of the agreement;
  - (9) at the City's option a provision providing that the City may terminate the abatement agreement if: (a) the appraised value of the eligible property falls below \$50 million, or (b) the appraised value of the land falls below the base year value of the land at the time of execution of the abatement agreement or a value stated in the agreement;
  - (10) at the City's option a provision providing that the City may by means of addendum to the abatement agreement approve and accept incorporation of additional projects or new improvements under the abatement agreement, so long as each additional new project or improvement creates further new value of at least \$13 million.
- (b) Time of Execution. If the parties successfully negotiate a tax abatement Agreement, such agreement shall be executed within 60 days after the applicant has provided all necessary information and documentation.

#### Section 6. Recapture.

- (a) Failure to Commence Operations During Term of Agreement. In the event that the Facility is not completed and does not begin operation with the minimum number of 20 permanent jobs by the January 1 following the completion of construction, no abatement shall be given for that tax year, and the full amount of taxes assessed against the property shall be due and payable for that tax year. In the event that the Owner of such a Facility fails to begin operation with the minimum number of 20 permanent jobs by the next January 1, then the abatement Agreement shall terminate and all abated taxes during the period of construction shall be recaptured and paid within 60 days of such termination.
- (b) Discontinuance of Operations During Term of Agreement. In the event the Facility is completed and begins operation with the required minimum number of 20 permanent jobs but subsequently discontinues operations or the minimum number of 20 permanent jobs is not maintained during any four (4) consecutive weeks during the term of the Agreement after the completion of construction, for any reason except on a temporary basis due to fire, explosion or other casualty or accident or natural disaster, the Agreement may be terminated by the Eligible jurisdiction providing abatement, and all taxes previously abated by virtue of the Agreement shall be recaptured and paid within 60 days of such termination.

(c) Delinquent Taxes. In the event that the Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, the Agreement shall terminate and so shall the abatement of the taxes for the tax year of the delinquency. The total taxes assessed without abatement, for that tax year shall be paid within 60 days from the date of termination.

(d) Notice of Default. Should the Eligible jurisdiction providing abatement determine that the Owner is in default according to the terms and conditions of its Agreement, it shall notify the Owner in writing at the address stated in the Agreement that if such is not cured within 60 days from the date of such notice (the "Cure Period"), then the Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.

(e) Actual Capital Investment. Should the Eligible jurisdiction providing abatement determine that the total level of capital investment in eligible property is lower than provided in the Agreement, the difference between the tax abated and the tax which should have been abated, if any, based upon the actual capital investment as determined shall be paid to the taxing agencies within 60 days of notification to the Owner of such determination.

(f) Reduction in Rollback Tax Rate. If during any year of the period of abatement with respect to any property any portion of the abated value which is added to the current total value of the Eligible jurisdiction but is not treated as "new property value" (as defined in Section 26.012 (17) of the Texas Tax Code) for the purpose of establishing the "effective maintenance rate" in calculating the "rollback tax rate" in accord with Section 26.04(c)(2) of the Texas Tax Code and if the Eligible jurisdiction's budget calculations indicate that a tax rate in excess of the "rollback tax rate" is required to fund the operations of the Eligible jurisdiction for the succeeding year, then the Eligible jurisdiction shall recapture from the taxpayer a tax in an amount equal to the lesser of the following:

- (1) The amount of the taxes abated for that year by the Eligible jurisdiction with respect to such taxpayer.
- (2) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total assessed value of the Eligible jurisdiction.

If the Eligible jurisdiction has granted an abatement of taxes to more than one taxpayer, then the amount of the recapture calculated in accord with subparagraph (2) above shall be prorated on the basis of the amount of the abatement with respect to each taxpayer.

All recaptured taxes must be paid within thirty (30) days after notice thereof has been given to the affected taxpayer. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such thirty (30) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

(g) Continuation of Tax Lien. The amount of tax abated each year under the terms of these Guidelines and the Agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year throughout the entire term of the Agreement or until all taxes, whether assessed or recaptured, are paid in full.

- (h) Automatic Termination. The Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above reasons, the prior notice of default provisions in subsection (d) above shall not apply.

#### Section 7. Administration.

- (a) Annual Assessment. The San Patricio County Appraisal District shall annually determine an assessment of the real and personal property subject to an Agreement. Each year, the Owner shall furnish the Appraisal District and the City with such information as may be necessary for the abatement. Once value has been established, the Appraisal District shall notify the affected jurisdictions which levy taxes of the amount of the assessment and the abatement.
- (b) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the City of Ingleside will have access to the Facility during the term of the Agreement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 12 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with its safety standards.
- (c) Annual Evaluation. Upon completion of construction, the City individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving abatement to ensure compliance with the Agreement and report possible violations of the Agreement.
- (d) Annual Reports. The Owner shall certify to the governing body of the City on or before April 1 each year that the Owner is in compliance with each applicable term of the agreement. Additionally, during the initial four years of the term of property tax abatement, the Owner shall provide to the Eligible Jurisdiction approving the abatement an annual report covering those items listed on Schedule 1 in order to document its efforts to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the City no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm which has reviewed the report.
- (e) "Buy Local" Provisions. Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception cases involving purchases over \$10,000.00 a justification for such purchase shall be included in the annual report. Each such recipient shall further acknowledge that it is an obligation of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either San Patricio County, Aransas County or Nueces



County. In the event of a breach of the buy-local provision, the percentage of abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction cost for the project.

- (f) Right to Modify or Cancel. Notwithstanding anything herein or in any agreement to the contrary, the governing body of the City may cancel or modify the agreement if the Owner fails to comply with the Agreement.

## SCHEDULE 1

### "Buy Local" Annual Reports

The following information shall be reported to the Governmental Unit on a calendar-year basis during the first four years of the tax abatement program:

1. Dollar amount spent for materials\* (local).
2. Dollar amount spent for materials\* (total).
3. Dollar amount spent for labor\*\* (local).
4. Dollar amount spent for labor\*\* (total).
5. Number of jobs created in the construction project (local).
6. Number of jobs created in the construction project (total).
7. Number of jobs created on a permanent basis (local).
8. Number of jobs created on a permanent basis (total).

\* "Materials" is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally.

\*\* "Labor" is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the project design.

The term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either San Patricio County, Aransas County, or Nueces County.

## APPLICATION FOR TAX ABATEMENT WITH THE CITY OF INGLESIDE

### INSTRUCTIONS:

Applicants and projects must meet the requirements established by the City of Ingleside Guidelines and Criteria in order to receive positive consideration. Section 2 of the Guidelines sets out regulations governing eligible facilities, eligible and ineligible improvements, terms, and economic qualifications. Conformance with all applicable sections is required for eligibility.

### APPLICANTS INFORMATION:

The taxing entity may consider the applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned business of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name of contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

### PROJECT INFORMATION:

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if the project qualifies. If the project is a Basic Industry, the application should include market studies, business plans, agreements or other materials demonstrating that the facility is intended to serve a market the majority of which is substantially outside of the San Patricio County region.

### ECONOMIC INFORMATION

Permanent Employment Estimates. In estimating the permanent employment of the projects, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated appraised Value 'on Site.' The value January 1 preceding abatement should be the value established by the San Patricio County Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least two million dollars after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plan administration, housing, etc.

### Applications for Tax Abatement in City of Ingleside Fill-in Instructions

This application should be filed at least THIRTY (30) DAYS prior to the beginning of construction or the installation of equipment. This application will become a part of any later agreement or contract and known false representations thereon will be grounds for the voiding of any later agreement or contract.

**ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED (WITH APPLICATION FEE OF \$2,500)**

**To: Ingleside City Manager – 2671 San Angelo St., Ingleside, TX 78362**

## APPLICANT INFORMATION

Submittal Date

Company Name

**Company Address**

Company Phone

### Contact of this Project

Number employed

Annual Sales per Year

Annual Report Submitted? Yes \_\_\_\_\_

No \_\_\_\_\_ (See instructions)

Type of Structure: Corporation ( )

Partnership ( )

Proprietorship ( )

## PROJECT INFORMATION

Type of Facility to be abated: Manufacturing ( ) Regional Distribution ( ) Regional Service ( )  
Regional Entertainment Center ( ) Research ( ) Other ( )  
Basic Industry ( ) Multi-family housing ( )

**Proposed Facility Address and Legal Description:**

Attach map showing site

School District \_\_\_\_\_ Ingleside ISD \_\_\_\_\_

Other District(s) \_\_\_\_\_ Drainage District \_\_\_\_\_

City \_\_\_\_\_ INGLESIDE \_\_\_\_\_

Describe product or service to be provided:

This application is for new construction ( ) expansion ( )

Modernization ( )

### Project Description:

Please attach a statement fully explaining the project: describing the site and existing improvements; describing all proposed improvements; providing a list of improvements and fixed equipment for which abatement is requested.

## ECONOMIC AND IMPACT INFORMATION

### Permanent Employment Estimates

If any existing Facility, please present a report indicating the total number of permanent employees at the Facility on the first day of each month for the past twelve months.

Estimated Number of Plant Jobs Retained \_\_\_\_\_ Created \_\_\_\_\_ at Start (\_\_\_\_ total permanent)

Estimated Operational Date and or opening of improvements

**Construction and employment estimated**

Construction Start (month/year) \_\_\_\_\_

Construction Completion (month/year) \_\_\_\_\_

Number of Construction jobs start \_\_\_\_\_ peak \_\_\_\_\_ finish \_\_\_\_\_

Number of Construction jobs per year \_\_\_\_\_

**School District Impact Estimates**

Number of families transferred to area \_\_\_\_\_

Number of children added to ISD \_\_\_\_\_

**City Impact Estimates**

Volume of treated water required from city \_\_\_\_\_ gal./mo. Increase from current use \_\_\_\_\_

Volume of effluent to be treated by city \_\_\_\_\_ gal./mo. sanitary sewer flow over current use-

Estimated Appraised Value on Site  
Land

Personal Property

Improvements

Valuations January 1

Preceding abatement \$ \_\_\_\_\_ (2013)

\$ \_\_\_\_\_ (2014)

\$ \_\_\_\_\_ (2013)

Value, upon completion of project, of personal property and improvements not subject to abatements:

\$ \_\_\_\_\_ (2013)

\$ \_\_\_\_\_ (2016)

\$ \_\_\_\_\_ (2013)

Estimated value of eligible improvements after abatement agreement expires: \$ \_\_\_\_\_

**Variance:**

Is a variance being sought under Section 3 (f) of the Guidelines?

\_\_\_\_\_ Yes \_\_\_\_\_ No

If "yes" attach any supplementary information required. Letter attached asking for variance

**Other Agreement Applications**

Has the company made application for abatement of this project to other taxing jurisdictions within the San Patricio County?

\_\_\_\_\_ Yes \_\_\_\_\_ No

To other taxing jurisdictions or counties?

\_\_\_\_\_ Yes \_\_\_\_\_ No

If "yes," please provide dates of application; hearing dates; names of jurisdiction(s) and contact; and any letters of intent to abate.

**Declaration**

To the best of my knowledge the above information is an accurate description of project details.

Company Official Signature

Printed Name of Company Official

Title of Company Official:

ACTION

DO NOT WRITE HERE

FOR OFFICIAL USSE

1. EDC Contact

2. San Patricio County Precinct \_\_\_\_\_

3. School District \_\_\_\_\_

4. City \_\_\_\_\_

5. Other District \_\_\_\_\_

6. Jurisdictions Notified (date) \_\_\_\_\_

7. Initial Review Complete (date) \_\_\_\_\_

8. Review Circulated (date) \_\_\_\_\_

9. Concurrence

ISD \_\_\_\_\_

Other District(s) \_\_\_\_\_

City \_\_\_\_\_

10. Letter of Intent (date) \_\_\_\_\_

11. Hearing Notice on Agenda (date) \_\_\_\_\_

12. Public Hearing (date) \_\_\_\_\_

13. Action

ISD \_\_\_\_\_

Other District(s) \_\_\_\_\_

City \_\_\_\_\_

14. Agreement Signed (date) \_\_\_\_\_